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ONE HUNDRED EIGHTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON GOVERNMENT REFORM

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May 17, 2004

## Behind the Republicans' "HOW" Plan

Dear Democratic Colleague:

Last week, House Republicans launched their "Hire Our Workers" (HOW) plan. The Republican strategy includes bringing a series of bills to the floor to deflect criticism of their handling of the economy.

My staff recently obtained documents detailing the motivation and strategy behind the Republicans' HOW plan. According to the documents, the plan was developed because Republicans "are all being whacked by constituents, the media, and the Democrats on 'outsourcing' and loss of jobs" and are "playing defense to the Democrats on this issue."

The HOW plan is not a substantive policy proposal. The documents reveal that it is driven by public relations considerations. The main objective of the plan is not to halt the loss of American jobs, but to change the way Republican members talk about the issue. The documents state: "Our first goal is to put an end to the use of the word 'outsourcing' and replace [it] with 'competitiveness.'"

Instead of offering concrete assistance to jobless workers, the HOW plan tells Republican members that they should "empathize with workers and the unemployed." The HOW plan further advises that members can display concern if they "give real life examples from employers in your districts who have run into problems with the environment in America and been forced to downsize or invest overseas."

In many cases, the information contained in the Republican HOW materials is simply false. For example, the documents claim that "the Bush Administration has significantly streamlined the pointless paperwork that used to bog down businesses in America." In fact, paperwork has actually increased substantially under the Bush Administration. The Administration's own numbers show that since President Bush took office, the total annual paperwork burden on Americans increased by 700 million hours, nearly 10%.<sup>1</sup>

<sup>1</sup> See U.S. General Accounting Office, *Paperwork Reduction Act: Agencies' Paperwork Burden Estimates Due to Federal Actions Continue to Increase* (Apr. 2004) (GAO-04-676-T).

The documents also claim that the Republicans have simplified taxes. But just one of the tax bills cited, the Jobs and Growth Tax Act of 2003, increased the amount of time that Americans spent filling out tax forms by 113.9 million hours, according to the IRS Commissioner.<sup>2</sup>

Additionally, the documents claim that H.R. 6, the Bush energy bill, will solve the problem of “[o]ur increased dependence upon foreign sources of energy [that] weakens our economy and our national security.” However, according to the Energy Information Administration, enactment of H.R. 6 will result in “negligible” changes to production, consumption, imports, and prices of fuels.<sup>3</sup>

We have seen this cynical approach from Republican leaders and advisors before. In 2002, GOP pollster Frank Luntz argued that Republicans could win the “environmental communications battle” by getting the “talk right,” regardless of their actual substantive policy agenda.<sup>4</sup> He suggested that Republicans did not need to change their anti-environmental policies if they learned to use words that would “reassure a skeptical public.”<sup>5</sup>

Ultimately, the true test of the Republican agenda on the economy is actions and results. I have enclosed a copy of the Republican “HOW” plan and urge you not to be misled.

Sincerely,

A handwritten signature in dark ink, reading "Henry A. Waxman". The signature is fluid and cursive, with the first name "Henry" being more prominent.

Henry A. Waxman  
Ranking Minority Member

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<sup>2</sup> Testimony of IRS Commissioner Mark W. Everson, House Government Reform Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs (Apr. 20, 2004).

<sup>3</sup> Energy Information Administration, *Summary Impacts of Modeled Provisions of the 2003 Conference Energy Bill* (Feb. 2004).

<sup>4</sup> Frank Luntz, *The Environment: A Cleaner, Safer, Healthier America* (2002)(online at [www.luntzspeak.com/graphics/LuntzResearch.Memo.pdf](http://www.luntzspeak.com/graphics/LuntzResearch.Memo.pdf)).

<sup>5</sup> *Id.*



## *High Quality, High Paying Jobs for Americans Here's **HOW**:*

### **Why do we need HOW?**

We are all being whacked by constituents, the media, and the Democrats on “outsourcing” and loss of jobs. The problems our college graduates and unemployed constituents have aren’t solely related to the recession we are recovering from. They are having troubles finding jobs because it is less attractive for businesses to start or expand stateside. These troubles will continue unless we take action.

The reason for this isn’t wages, or off shore accounting or heartless corporations, but the environment we have created in America that is hostile to doing business here.

Almost daily we hear of jobs being shipped overseas or American companies choosing to invest in India, Russia or China rather than at home. The fact of the matter is that there is less regulation, lower health care premiums, a less aggressive tort system, and a less complicated tax structure in many of these countries. They are eager to attract business, why aren’t we?

And why are we playing defense to the Democrats on this issue?

We know that the flip side of outsourcing is insourcing, the Hondas, Novartis and others who have chosen to invest in America because we have the best workers. We know that the economy is improving. Rather than get into a debate about who is employing our people or how high the stock market is, however, we need to focus on our competitiveness so that all companies – domestic and foreign – want to invest and manufacture in the United States.

It’s time for us to grab the reigns and control the debate. We have the right ideas for how to fix the system, many in our conference have already introduced bills that will help us do so.

It’s time for us to focus on a comprehensive plan to change the environment and make the United States the most attractive place to do business in the world.

These are long term goals that will help us stay ahead in the ever changing global market.

Our people, our workers are America’s best resource. We are innovative, hard working, educated and dedicated. The American people are the reason companies want to do business here. Let’s remove the barriers that prevent them from doing so.

In order for HOW to work we need to keep it simple and focused.

We need to constantly bring the debate back to competitiveness, to the 8 steps that will get us there and to policies that will help industries hire our workers.

## **What is HOW?**

HOW is an action plan that is a combination of big picture ideas to talk about and small concrete steps to get us there.

In speaking with our constituents we need to empathize with workers and the unemployed. Department of Labor has been sending around resource kits for helping displaced workers find new employment, retraining and other help.

As a conference and a party we need to focus on long term strategy. In today's ever changing market, people are never going to be comfortable that their jobs are safe. We need to make sure it's there 1 year, 5 years, 10 years down the road and that there will be opportunities for our children. That's where HOW comes in.

*HOW will focus our attention on 8 areas:*

1. Health Care Security
2. Bureaucratic Red Tape Termination
3. Lifelong Learning
4. Trade Fairness and Opportunity
5. Tax Relief and Simplification
6. Energy Self-Sufficiency and Security
7. Research and Development
8. Ending Lawsuit Abuse and Litigation Management

Each week in May, June and throughout the rest of the year we will bring legislation in these categories to the floor for debate and votes. We will also be holding hearings, committee markups, one-minute and special order campaigns.

Those Members who oppose these necessary and common-sense reforms will be forced to answer to the American people why they are standing in the way of our competitiveness.

Those days we are not in session, we can go back to our districts and prove to our constituents that we are making real progress in our efforts to provide high quality, high paying jobs to all Americans.

## **How do we talk about HOW?**

- Our first goal is to put an end to the use of the word "outsourcing" and replace with "**competitiveness**"
- Give your real life examples from employers in your districts who have run into problems with the environment in America and been forced to downsize or invest overseas.
- Talk about examples of steps the federal government has taken that have created jobs to prove that we can make a difference in Congress.
  - One example is the bonus depreciation provision in the tax bill we extended last year. In Wichita, Kansas, this provision has jumpstarted lagging airplane sales. Surveys have shown that bonus depreciation is responsible for \$2 billion in new airplane sales since its enactment last May. This has helped reverse the downward spiral of the aviation industry.
- Start taking the offensive, schedule events in your district at factories or other businesses and promote our competitiveness agenda.
- Highlight what we have already accomplished.

## **Who should be talking about HOW?**

Every Member concerned about U.S. companies competing in a global economy.



# Careers for a 21st Century America

*Congress is committed to creating an atmosphere that generates more than jobs. Americans want work, but more importantly, they want lifelong and rewarding careers that take them from their first paycheck safely into retirement. Eight aspects of our economy will be addressed in Congress this summer in order to ensure that this dream becomes a reality for every working American while simultaneously strengthening our economy's global competitiveness.*

## **Health Care Security**

- Employers are progressively more burdened by the skyrocketing cost of providing health care for their employees, which keeps them from hiring more American workers. With health care costs accounting for nearly \_\_ percent of the cost of doing business, important steps can be taken to lighten the burden while increasing health care security for American workers.

## **Bureaucratic Red Tape Termination**

- The Bush Administration has significantly streamlined the pointless paperwork that used to bog down businesses in America, decreasing the time small businesses spend pencil-pushing by 61 million hours. Still more needs to be done to free business owners from the sticky red tape that keeps them from hiring out-of-work Americans.

## **Lifelong Learning**

- Education doesn't stop after high school or college graduation. In order to compete in a global economy that expands daily, American workers need to strengthen their skills and engage in lifelong learning. Congress is committed to extensively growing America's worker training programs to ensure that our workforce maintains its status as the most highly skilled, educated and prepared workforce in the world.

## **Trade Fairness and Opportunity**

- Now is not the time for American products to take a back seat to what the rest of the world produces. When American products are allowed to compete on a level playing field, they come out on top. American workers deserve to compete fairly in our global economy, and Congress must assure American

families that unfair and illegal practices in foreign markets won't lead to job losses at home.

## **Tax Relief and Simplification**

- Too many employers have to hire too many accountants and lawyers to fill out countless documents in order to comply with an overly complex tax code. In addition to the tax code's complexity, our tax system strips would-be employers of the capital they could use to hire more workers and expand their operations. Congress will work to simplify the tax code as well as the tax burden shouldered by businesses that should be focusing on hiring, and not on writing checks to the Treasury.

## **Energy Self-Sufficiency and Security**

- Our increased dependence upon foreign sources of energy weakens our economy and our national security. Middle Eastern oil is becoming more and more unreliable, making business in America more risky than it should be. When energy sources and prices are unpredictable, employers are less likely to invest in new employees. A strong national energy policy will solve this problem and put Americans back on the job.

## **Spurring Innovation**

- The American work ethic is unparalleled in our global economy. Working more hours and taking fewer vacations than any other developed nation in the world, we produce superior products and services. Productivity goes hand-in-hand with this work ethic. Technological advances made through NASA and other research funding have made the workplace more friendly and more efficient, lowering the prices we pay for the cars we drive and shoes we wear. Congress will continue its commitment to the research and development funding that has turned the phrase "Made in America" from a simple label into a proud motto.

## **Ending Lawsuit Abuse**

- Personal injury lawyers and their greedy clients have taken the American legal system to an all-time low. A system that allows obese individuals to blame their condition on the cheeseburgers they voluntarily buy at the local burger stand is not a system of justice—it is an affront on the common-sense principles of personal responsibility that are the foundation of American values. Fraud and abuse in our legal system must be eliminated. A system in which companies spend more money fighting off frivolous lawsuits than the gross national product of some nations in the U.N. is a system in dire need of reform.

# Hire Our Workers

*High Quality, High Paying Jobs for Americans Here's  
**HOW:***

*America has always been a land of innovative entrepreneurs, hard working laborers, sharp professionals, and the most productive industries.*

*Today, our regulatory, judicial and tax environments are impeding companies from prospering here.*

**Steps we can and will take to restore our nation's competitiveness and ensure that America remains the Land of Opportunity:**

- ✓ **Health Care Security**
- ✓ **Bureaucratic Red Tape Termination**
- ✓ **Lifelong Learning**
- ✓ **Trade Fairness and Opportunity**
- ✓ **Tax Relief and Simplification**
- ✓ **Energy Self-Sufficiency and Security**
- ✓ **Research and Development**
- ✓ **Ending Lawsuit Abuse and Litigation Management**

## **Progress Already Made By House in 108<sup>th</sup>**

### **✓ Health Care Security**

- HR 660, Small Business Health Fairness Act (AHPs)
- HR 2596, Health Savings and Affordability Act (passed as part of Medicare)

### **✓ Bureaucratic Red Tape Termination**

- HR 1375, Financial Services Regulatory Relief Act

### **✓ Lifelong Learning**

- HR 1261, Training for Jobs bill
- HR 2211, Ready to Teach Act
- HR 3076, Graduate Opportunities in Higher Education Act

### **✓ Trade Fairness and Opportunity**

### **✓ Tax Relief and Simplification**

- HR 2, the Jobs and Growth Tax Act of 2003
- HR 8, Death Tax Repeal Permanency Act of 2003
- HR 49, Internet Tax Nondiscrimination Act

### **✓ Energy Self-Sufficiency and Security**

- HR 6, the Energy Policy Act of 2003

### **✓ Research and Development**

- HR 766, Nanotechnology Research and Development Act

### **✓ Ending Lawsuit Abuse and Litigation Management**

- HR 1115, Class Action Fairness Act
- HR 5, Malpractice liability bill
- HR 1036, Protection of Lawful Commerce in Arms
- HR 339, Personal Responsibility in Food Consumption Act
- HR 1086, Antitrust Criminal Penalty Enhancement and Reform Act

## *Health Care Security*

Health care costs are skyrocketing, and the cost of providing health care has become staggering – not only to the small businesses but also to big businesses. Employers want to provide health care insurance to their workers and we need to encourage them to do so. There are actions we can take **now** to stabilize health care costs and give all employers the ability to afford this crucial benefit.

## *Bureaucratic Red Tape Termination*

Less government not only means granting the freedom to allow Americans to pursue their dreams, it also means providing the space for businesses to thrive. Instead our federal government has become a creeping ivy of regulations that strangle enterprise. Unrealistic, impractical, unnecessary environmental prohibitions, OSHA mandates, and the like are literally driving our industries, small businesses, and our health care system to a grinding halt.

How can we expect our economy to develop and grow when bureaucracy prevents businesses from starting or expanding, when doctors cannot even keep up with the ever-changing codes, and teachers are forced to spend more time filling out paperwork than in the classroom?

## *Lifelong Learning*

Most importantly, for the short and long term, we need to help give Americans access to not only higher education but also continuing education. Job training and retraining is necessary to keep up in today's environment.

Our public school system has given generations of Americans the tools to pursue their dreams, and it can certainly help prepare boys and girls for the demands of the new century. Now we need to make sure that our children are learning the fundamentals, that they become familiar with technology, and that math and science curriculums are enhanced so they can compete in the economy of the future.

Rather than importing high quality technical talent, we should help our colleges and universities produce graduates who enter science and engineering careers. Our bachelors' program production rates of scientists and engineers are among the lowest in the world.

## *Trade Fairness and Opportunity*

We are suffering from a trade imbalance. There are steps we can take to make sure that American businesses get a fair deal in the world market. In reviewing our trade agreements we should make sure our exports are treated the same as every one else. This includes equalizing tax rates, ensuring balanced tariffs, and preventing currency manipulation. Protecting American exports should be foremost in any trade agreements Congress reviews and any trade policy we consider. The ultimate goal should be to put American businesses at the top of the global supply chain. Doing so will also require more efforts to put small businesses at ease during the transition and helping them see that the global supply chain can work in our favor if we export more.

## ***Tax Relief and Simplification***

Our tax structure does not provide a fair playing field for American industries to compete in our global market. Aside from being too complex, our tax structure places an unfair burden on businesses trying to prosper, therefore discouraging entrepreneurs. We need to find realistic ways to simplify and bring equity to our tax code. Incentives such as **accelerated depreciation** to encourage investment in capital equipment not only get our production lines moving again, but also result in increased revenues. They also help launch more small businesses, the cornerstone of our economy.

## ***Energy Self-Sufficiency and Security***

Energy policies are an essential part of the economy. Businesses cannot grow without reliable, cost efficient sources of energy. We have a plan that will not only stabilize our energy systems but also create 700,000 jobs and strengthen our businesses.

## ***Research and Development***

America has a distinguished history of attracting the brightest minds in the world. We have wonderful government, public and private sector research institutions. However, America does not have a comprehensive federal plan to encourage research and development. The biggest hurdle today is moving ideas from the laboratory to the marketplace. We need incentives for applying knowledge into the public market place.

We also need to encourage the dissemination of technology such as broadband throughout the country for technology is the engine of growth.

## ***Ending Lawsuit Abuse and Litigation Management***

We need to return integrity to our legal system. Our nation is one based on justice. Our courts were structured to protect Americans. But that objective has been warped over the years to a point where our legal system attacks our citizens and our way of life. It is sad that we have come to the point where the United States Congress has to pass legislation to ensure that food companies, distributors, and restaurants are not liable for someone eating too many cheeseburgers. We are reaching a day when no one wants to make or sell goods or provide services (even charitable ones) for fear of being bankrupted. We must outlaw frivolous lawsuits and return the court's attention to upholding the laws of the land.